

Message Text

CONFIDENTIAL

PAGE 01 NAIROB 08402 260816Z

12

ACTION AF-06

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 5331

INFO AMEMBASSY LONDON

USCINCEUR VAIHINGEN GERMANY

C O N F I D E N T I A L NAIROBI 8402

E.O. 11652: GDS

TAGS: MASS, US, KE

SUBJ: MEETING WITH FINANCE MINISTER ON MILITARY ASSISTANCE

REF: NAIROBI 8081

1. SUMMARY: I INFORMED FINANCE MINISTER KIBAKI SEPT. 25 OF U.S. INABILITY TO SUPPLY USED F-5A/B'S TO KENYA, PRE-SENTING SITUATION ALONG SAME LINES AS I HAD SEPT. 17 TO MOD PERMSEC (REFTEL). I AGAIN STRESSED U.S. COMMITMENT TO ASSISTING KENYA AND SAID WE WERE WORKING ON ALTERNATIVES WHICH WE HOPED WOULD CONTRIBUTE TO MEETING GOK NEEDS. KIBAKI IMMEDIATELY GRASPED FINANCIAL IMPLICATIONS OF NEWS I HAD BROUGHT HIM AND OBSERVED THAT KENYA'S ABILITY TO PAY WOULD, IF ANYTHING, BE WORSE IN COMING YEAR. HE INQUIRED WHETHER GRANT AID MIGHT BE WORTH PURSUING FOR AIRCRAFT, AND I ALLOWED THAT THIS WAS ONE OPTION I HAD ASKED WASHINGTON TO CONSIDER. I POINTED OUT, HOWEVER, THAT PRESIDENTIAL DETERMINATION AND CONGRESSIONAL ACQUIESCENCE WOULD BE NEEDED FOR MAP PROGRAM GOING BEYOND TRAINING. I SUGGESTED HE GIVE SOME THOUGHT TO POLITICAL CONSEQUENCES OF ACCEPTING GRAND AID FOR MILITARY HARDWARE IF IT SHOULD COME TO THAT. KIBAKI ASKED WHETHER, IF AIRCRAFT PACKAGE SHOULD NOT JELL, EXISTING FMS CREDIT OF \$5 MILLION COULD

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NAIROB 08402 260816Z

BE USED FOR GROUND FORCES EQUIPMENT. I REPLIED THAT I

UNDERSTOOD THIS WAS POSSIBLE. ACTION REQUESTED: CONFIRM THAT FMS CREDIT CAN IN FACT BE USED FOR GROUND FORCES EQUIPMENT. END SUMMARY.

2. KIBAKI RECEIVED ME FOR ONE HOUR ON HIS FIRST FULL WORK DAY AFTER RETURNING LAST WEEKEND FROM MONTH-LONG TRIP TO COMMONWEALTH FINANCE MINISTERS MEETING IN GUYANA, IMF/WORLD BANK MEETINGS IN WASHINGTON AND TWO WEEKS OF DISCUSSION IN NORDIC CAPITALS OF DEVELOPMENT AID. ALSO PRESENT WERE FINANCE MINISTRY PERMSEC NGANGA AND DEFENSE MINISTRY PERMSEC KIEREINI. I OUTLINED U.S. DECISION NOT TO PURSUE FURTHER THE EFFORTS TO SUPPLY USED F-5A/B AIRCRAFT FROM IRAN, COVERING SAME GROUND AS I HAD WITH KIEREINI SEPT. 17.

3. AFTER CONVEYING UNDER INSTRUCTION (UNDER SECRETARY SISCO'S MESSAGE--STATE 218772) OUR ASSURANCE OF COMMITMENT TO ASSISTING KENYA AND INFORMING KIBAKI THAT WE WERE IN PROCESS OF DEVELOPING ALTERNATIVE PACKAGE, I ACKNOWLEDGED THAT SOLUTION TO KENYA'S AIRCRAFT NEEDS WOULD PROBABLY REQUIRE MORE MONEY. I KNEW KIBAKI WOULD WISH TO FOCUS ON THIS ASPECT OF PROBLEM.

4. KIBAKI FIRST SOUGHT TO VERIFY THAT DELIVERY TIMES FOR NEW AIRCRAFT WOULD NOT DIFFER SIGNIFICANTLY FROM TIME REQUIRED TO GET USED AIRCRAFT OPERATIONAL, WHICH KIEREINI CONFIRMED ON BASIS WHITAKER REPORT. HE SAID KENYA'S BALANCE OF PAYMENTS DEFICIT WOULD BE WORSE IN 76 THAN IN 75, AND GOK WOULD THUS BE UNABLE FINANCE SQUADRON OF PLANES EXPECT BY BORROWING. IT WOULD NEED MOST FAVORABLE TERMS POSSIBLE; HE WONDERED WHETHER U.S. WAS CONSIDERING GRANT AID IN ITS ALTERNATIVE PACKAGE. I SAID I HAD ASKED THAT BOTH MAP FOR HARDWARE (IN ADDITION TO TRAINING) AND/OR CONCESSIONAL FINANCING AT 4 OR 5 PER CENT BE CONSIDERED. HOWEVER, PRESIDENTIAL DETERMINATION WOULD BE NEEDED FOR MAP, AND THERE MIGHT BE OPPOSITION IN CONGRESS WHICH ALSO HAD TO GIVE ITS APPROVAL. NEVERTHELESS, I THOUGHT KIBAKI OUGHT TO CONSIDER POLITICAL CONSEQUENCES OF KENYA'S ACCEPTING GRANT

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NAIROB 08402 260816Z

AID MILITARY ASSISTANCE SIMILAR TO THAT RECEIVED BY MOROCCO, ETHIOPIA AND ZAIRE.

5. KIEREINI THEN MENTIONED POSSIBILITY OF USING EXISTING FMS CREDIT OF \$5 MILLION FOR GROUND FORCES EQUIPMENT, WHICH KENYA OFFICERS WERE ABOUT TO INSPECT AT U.S. FACILITIES IN GERMANY. KIBAKI ASKED HOW LONG THE FMS CREDIT WOULD STILL BE AVAILABLE AND WHETHER IT

COULD BE USED FOR ARMY HARDWARE IF AIRCRAFT PACKAGE NOT IMMEDIATELY IN PROSPECT. I SAID I BELIEVED IT COULD BE USED FOR GROUND EQUIPMENT, BUT I WOULD CONFIRM THIS AFTER CONSULTING WASHINGTON. THE CREDIT WOULD BE AVAILABLE TO DRAW UPON FOR ONE YEAR. ACTION REQUESTED: CONFIRM FOREGOING.

6. KIBAKI SAID HE WOULD TALK FURTHER WITH DEFENSE MINISTRY AND LET ME KNOW IN A FEW DAYS WHICH WAY GOK FELT IT SHOULD GO. HE WOULD ALSO WELCOME AS SOON AS POSSIBLE THE ALTERNATIVES DEVELOPED IN WASHINGTON. IN ADDITION TO KIEREINI, HE INDICATED THAT HE BELIEVED INITIAL JET PILOT AND TECHNICIAN TRAINING SHOULD GO FORWARD, ALTHOUGH FINAL TRAINING WOULD DEPEND ON WHAT AIRCRAFT KENYA ACQUIRES. HE ALSO ASKED ABOUT STATUS OF WORK AT NANYUKI AIRFIELD, AND KIEREINI SAID RUNWAY WORK WAS COMPLETE. FURTHER CONTRACTS WOULD HAVE TO BE LET FOR BUILDING, ETC. AS I DEPARTED, KIEREINI STAYED BEHIND--PRESUMABLY TO BEGIN DISCUSSION OF NEXT STEPS.
MARSHALL

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